



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 18, 2000

### **S. 2796**

### **Water Resources Development Act of 2000**

*As ordered reported by the Senate Committee on Environment and Public Works  
on June 28, 2000*

#### **SUMMARY**

S. 2796 would authorize the Secretary of the Army, acting through the Army Corps of Engineers (Corps), to undertake projects specified in title I of the bill for inland navigation, flood control and damage reduction, environmental restoration, and shore protection. CBO estimates that the bill would authorize about \$2 billion (in 2000 dollars) for these projects.

Other provisions of the bill would authorize the Secretary to conduct studies on water resources needs and feasibility studies for specified projects; authorize the Secretary to convey or exchange certain properties; renew, end, or modify previous authorizations for certain projects; and authorize new programs or pilot projects to develop water resources and protect the natural environment, including a program to restore the natural environment of the south Florida ecosystem. For these activities, CBO estimates that S. 2796 would authorize the appropriation of about \$1.7 billion.

Assuming the appropriation of the necessary amounts, including adjustments for increases in anticipated inflation, CBO estimates that implementing S. 2796 would cost about \$1.6 billion over the 2001-2005 period, and another \$2.5 billion over the following 10 years for the projects that would be authorized by the bill. (Some construction costs and operations and maintenance would occur after this period.) CBO estimates that enacting S. 2796 would increase certain offsetting receipts to the federal government by about \$3 million over the 2001-2003 period. Because enacting the bill would affect direct spending, pay-as-you-go procedures would apply.

S. 2796 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). State and local governments would incur some costs as a result of the bill's enactment, but these costs would be voluntary.

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 2796 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and the environment).

	By Fiscal Year, in Millions of Dollars				
	2001	2002	2003	2004	2005
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>					
Estimated Authorization Level	315	373	357	317	367
Estimated Outlays	223	340	350	341	372
<b>CHANGES IN DIRECT SPENDING</b>					
Estimated Budget Authority	-1	a	-2	a	a
Estimated Outlays	-1	a	-2	a	a

a. Less than \$500,000.

## BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 2796 will be enacted by the beginning of fiscal year 2001 and that all amounts authorized by the bill will be appropriated for each fiscal year.

### Spending Subject to Appropriation

For projects specified in the bill the Corps provided estimates of annual budget authority needed to meet design and construction schedules. CBO adjusted those estimates to reflect the impact of anticipated inflation during the time between authorization and appropriation. Estimated outlays are based on historical spending rates for activities of the Corps.

### Direct Spending (including Offsetting Receipts)

**Land Exchange in Pike County, Missouri.** S. 2796 would authorize the Secretary to receive about 9 acres of land from S.S.S. Lumber, Inc. and convey another 9 acres to the company. If the land the government receives is less valuable than the land the company

receives, then the bill would require the company to pay the difference. The bill also requires the company to pay the administrative costs of the exchange. After the exchange is completed, the federal government would forgo a small amount of offsetting receipts that are currently collected for the use of this land.

**Joe Pool Lake, Trinity River Basin, Texas.** S. 2796 would authorize the Secretary to enter into an agreement with the city of Grand Prairie, Texas, to transfer maintenance of Joe Pool Lake from the Trinity River Authority to the city. The bill would relieve the Trinity River Authority of its remaining obligation to repay the federal government for construction of the lake, and it would require the city to pay the federal government about \$2 million in both 2001 and 2003 as a condition of the agreement. Based on information from the Corps, CBO expects the Trinity River Authority will pay its current obligation of about \$1 million for 2001, but will default on its subsequent obligations to the government, which total about \$14 million over the next 39 years. Because the government would receive more money under S. 2796 than under current law, the agreement with the city would increase offsetting receipts by \$1 million in 2001 and \$2 million in 2003.

## PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	0	-1	0	-2	0	0	0	0	0	0	0
Changes in receipts	Not applicable										

## ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 2796 contains no intergovernmental mandates as defined in UMRA. State and local governments probably would incur some costs to meet the matching requirements for water resources development projects and other programs authorized by this bill, but these costs

would be voluntary. Some state and local governments would benefit from provisions in the bill that would alter their cost-sharing obligations.

CBO estimates that nonfederal entities (primarily state and local governments) that choose to participate in the projects and programs authorized by S. 2796 would spend about \$2.5 billion (in 2000 dollars) to match the authorized federal funds. These estimates are based on information provided by the Corps. In addition to these costs, nonfederal entities would pay for the operation and maintenance of many of the projects after they are constructed.

S. 2796 would authorize new environmental restoration programs in several areas of the country. Under these programs, the Secretary of the Army would select projects and enter into agreements with local interests to carry them out and share in the costs. Generally, the nonfederal share of these costs would be 35 percent. The bill also would direct the Corps to carry out a number of projects in support of a plan to restore the Florida everglades. Nonfederal participants in these projects would pay 50 percent of the project costs.

One section of this bill would benefit nonfederal participants in Corps projects by broadening an existing provision, which requires the Corps to consider the ability of nonfederal participants to pay their share of project costs. Under current law, cost-sharing agreements for flood control projects and agricultural water supply projects are subject to this "ability to pay" provision. S. 2796 would add other types of projects, including feasibility studies and projects for environmental protection and restoration, navigation, storm damage protection, shoreline erosion, and hurricane protection.

## **ESTIMATED IMPACT ON THE PRIVATE SECTOR**

The bill contains no new private-sector mandates as defined in UMRA.

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